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BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

Application Number: 10/748,890
Filing Date: December 30, 2003
Appellant(s): EDER, JEFF SCOTT

Jeff Scott Eder
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed 20 October 2009 appealing from the Office action mailed 19 August 2009.

(1) Real Party in Interest

A statement identifying by name the real party in interest is contained in the brief.

(2) Related Appeals and Interferences

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

(3) Status of Claims

The statement of the status of claims contained in the brief is correct.

(4) Status of Amendments After Final

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

(5) Summary of Claimed Subject Matter

The summary of claimed subject matter contained in the brief is correct.

(6) Grounds of Rejection to be Reviewed on Appeal

The appellant's statement of the grounds of rejection to be reviewed on appeal is correct.

(7) Claims Appendix

The copy of the appealed claims contained in the Appendix to the brief is correct.

(8) Evidence Relied Upon

Peters et al. (U.S. Pub. No. 2003/0208427), Messmer et al. (U.S. Pub. No. 2001/0039525).

(9) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 23-28 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

Claim 23 is directed toward the statutory category of a process. In order for a claimed process to be patentable subject matter under 35 U.S.C. § 101, it must either: (1) be tied to a particular machine, or (2) transform a particular article to a different state or thing. *See In Re Bilski*, 88 U.S.P.Q.2d 1385 (2008); *Diamond v. Diehr*, 450 U.S. 175, 184 (1981); *Parker v. Flook*, 437 U.S. 584, 588 n.9 (1978); *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972). If neither of these requirements is met by the claim, the method/process is not patentable subject matter under § 101. Thus, to qualify as a statutory process under § 101, the claim should positively recite the machine to which it is tied (e.g. by identifying the apparatus that accomplishes the method steps), or positively recite the subject matter that is being transformed (e.g. by identifying the material that is being changed to a different state). Nominal recitations of structure in an otherwise ineligible method fail to make the method a statutory process. *See Benson*, 409 U.S. at 71-72. Thus, incidental physical limitations such as insignificant extra-solution activity and field of use limitations are not sufficient to convert an otherwise ineligible process into a statutory one. Here, the claimed process fails to meet the above requirements for patentability under § 101 because it is not tied to a particular machine and does not transform underlying subject matter. Dependent Claims 24-28 are rejected for the same reasons and rationale as Claim 23.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Claims 1-19 and 23-28 are rejected under 35 U.S.C. 103(a) as being unpatentable over Peters et al. (Peters) (U.S. Pub. No. 2003/0208427) and in view of Messmer et al. (Messmer) (U.S. Pub. No. 2001/0039525.

With regard to Claims 1, 11, and 23, Peters teaches *a system, computer-readable medium, and method for optimizing one or more aspects of organization return comprising* (automated investment advisory system, method, software component for constructing an optimized investment portfolio) (see at least paragraphs 20-22): *a plurality of computers connected by a network each with a processor having circuitry to execute instructions* (distributed computer network); *a storage device available to each processor with sequences of instructions stored therein, which when executed cause the processors to* (the host server processes the investment package to determine an optimized investment portfolio) (see at least paragraph 21):

- *establish a detailed data dictionary* (risk profile, investment portfolio) *as required to define a plurality of cells* (risk and return dimension for selected asset classes) *within a matrix of market value* (correlation matrixes) *for an organization* (variety of financial intermediaries) *and a plurality of processing stages where each matrix cell is defined by a segment of value and an element of value or an external value* (6-10 Value, Number of Shares, Total Share Value, Asset Class, Current Holdings, Suggested Holdings, Change, query-driven software processor uses a series of tables) (see at least paragraphs 20, 56-58 and FIG.'s 10-18), *data representative of an organization* (risk profile, Asset Class, relational database) *from a plurality of organization narrow systems* (with the advisor's own trading platforms and investment advisory services) *in accordance with the matrix cell definitions* (asset classes) (see at least paragraphs 0056-0060, and FIG.'s 10-18), *transform at least part of said integrated data* (integrated process) *into an impact summary and a return impact summary* (risk and return dimensions, assign a risk rating and expected return) (see at least paragraphs 0024-0025) *for each of one or more elements of value* (input values, output value) *and one or more external factors* (asset classes and their respective correlations) *by using a series of models* (Portfolio Summary,

Portfolio evaluation, Return, Optimized Portfolio) (see at least paragraph 0025, and FIG.'s 10-18), *identify one or more scenarios and determine an expected range of values for each impact summary under each scenario* (RISK (Standard Deviation), Short-Term, Conservative, Return, Risk) (see at least FIG. 15),

Peters does not specifically teach *quantify an impact by item of the elements of value and the external factors on a return from each segment of value by analyzing said data with a series of models that use the impact summaries as an input*. Messmer teaches *quantify an impact by item of the elements of value* (asset valuation scenario) *and the external factors* (Collection score) *on a return* (rate of return ("IRR"), Stock/Margin Loans) *from each segment of value by analyzing said data* (segmentation of the asset attributes) *with a series of models that use the impact summaries as an input* in analogous art of finding value and reducing risk for the purposes of, "attributes which heavily influence/generate risk" (see at least paragraphs 0050-0081 and Table A).

It would have been obvious to one of ordinary skill in the art at the time of the invention to combine the finding value and reducing risk method as taught by Messmer with the automated investment advisory method of Peters. One of ordinary skill in the art would have been motivated to do so for the benefit of establishing the confidence level with which statements can be made about the total recoveries in each segment (Messmer, paragraphs 0078-0081).

Peters does not specifically teach *simulate an organization financial performance using said matrix and the expected range of values for the impact summaries in order to quantify a total organizational risk by item and provide data useful for identifying one or more changes at the item level that will optimize one or more aspects of an organization return for each of one or more scenarios using a mixed integer non linear optimization analysis before outputting said element of value impacts, external factor impacts, total organizational risk and identified changes by item where the system also links impact summaries together when they are not independent/dependent identifies and outputs one or more item level changes that will optimize a total organization risk and a total organization value for each of one or more scenario*. Messmer teaches *simulate an organization financial performance* (Analysis **160** simulates a competitive environment with other companies having various financial capabilities) *using said matrix* (preference matrix) *and the expected range of values for the impact summaries in order to quantify a total organizational risk by item* (total value of

the assets) *and provide data useful for to identify one or more changes at the item level that will optimize* (computerized stochastic optimization, asset valuations) *one or more aspects of an organization return* (risk/return tradeoffs) *for each of one or more scenarios using a mixed integer non linear optimization analysis* (nonlinear optimization) *before outputting said element of value impacts, external factor impacts, total organizational risk and identified changes by item* (HELTR composite score) *where the system links impact summaries together when they are not independent/dependent* (depends strongly on the choice of initial values) *and also optionally identifies and outputs one or more item level changes that will optimize a total organization risk and a total organization value for each of one or more scenarios* (automatic valuation procedure **40** and sampling procedures **34** attempting to find extra value in various assets or categories of assets) (see at least paragraphs 0057-0070, 00126-00128) in analogous art of finding value and reducing risk for the purposes of, "to provide the best estimate of value at any point in the discovery process" (see at least paragraphs 0070).

It would have been obvious to one of ordinary skill in the art at the time of the invention to combine the finding value and reducing risk method as taught by Messmer with the automated investment advisory method of Peters. One of ordinary skill in the art would have been motivated to do so for the benefit of to provide the best estimate of value at any point in the discovery process" (see at least paragraphs 0070).

With respect to Claims 2, 12, and 24, Peters teaches *where an organization is a single product, a group of products, a division, a company, a multi-company corporation, a value chain or a collaboration* (specific investment products, portfolio) (see at least paragraphs 0024-0026).

With respect to Claims 3, 13, and 25, Peters teaches *where one or more aspects of an organization return are selected from the group consisting of alliance return, brand return, channel return, customer return* (portfolio return), *current operation return, derivative return, employee return, information technology return, intellectual property return, investment return* (financial goals), *market sentiment return, market return, partnership return, process return, production equipment return, real option return, vendor return, vendor relationship return, and combinations* (portfolio) *thereof* (savings goal, education savings, home purchase) (see at least paragraphs 0025-0027).

Examiner notes that the claimed contents of Claims 3, 13, 25 amount to non-functional descriptive material that do not functionally alter the claimed method. The recited steps would be performed in the same manner regardless of what data is contained in the aspects. Thus, the prior art and the claimed invention have identical structure and the claimed descriptive material is insufficient to distinguish the claimed invention over the prior art. *see In re Gulack, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); In re Lowry, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994); MPEP 2106*.

With respect to Claims 4 and 15, Peters teaches *optionally supports a valuation of an equity security* (securities brokers, stocks, funds, investment types) (see at least paragraphs 0070, 0083-0085).

With respect to Claims 5 and 14, Peters does not specifically teach *supports financial performance management by segment of value, element of value, enterprise and combinations thereof*. Messmer teaches *supports financial performance management by segment* (segmentable financial instrument assets, hierarchical segmentation module **234**) *of value* (values, valuation), *element of value* (market value cluster), *enterprise and combinations thereof* (cluster valuation) in analogous art of finding value and reducing risk for the purposes of, "segments the entire portfolio of assets into bins based on critical variables selected by analysts" (see at least paragraphs 0095-0104).

It would have been obvious to one of ordinary skill in the art at the time of the invention to combine the finding value and reducing risk method as taught by Messmer with the automated investment advisory method of Peters. One of ordinary skill in the art would have been motivated to do so for the benefit of "giving an indication of how good the predictive capabilities of the model are within each portfolio segment" (Messmer, paragraph 0104).

With respect to Claims 6 and 16, Peters teaches *where* ***one or more*** *elements of value are selected from the group consisting of: alliances, brands, channels, customers, information technology, intellectual property, partnerships, processes, vendors and combinations thereof* (portfolio, financial intermediaries, investment advisors, mutual fund companies) (see at least paragraph 0070).

Examiner notes that the claimed contents of Claims 6 and 16 amount to non-functional descriptive material that do not functionally alter the claimed method. The recited steps would be performed in the same manner regardless of what data is contained in the aspects. Thus, the prior art and the claimed invention have identical structure and the claimed descriptive material is insufficient to distinguish the claimed invention over the prior art. *see In re Gulack, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); In re Lowry, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994); MPEP 2106.*

With regard to Claim 7, Peters does not specifically teach *where the elements of value can be clustered into sub-elements of value for more detailed analysis*. Messmer teaches *where the elements of value can be clustered into sub-elements of value for more detailed analysis* in analogous art of finding value and reducing risk for the purposes of, "fuzzy-C means clustering ("FCM"), Clusters **52** and **54** that are, in turn, further sub-divided" (see at least paragraph 0024).

It would have been obvious to one of ordinary skill in the art at the time of the invention to combine the finding value and reducing risk method as taught by Messmer with the automated investment advisory method of Peters. One of ordinary skill in the art would have been motivated to do so for the benefit of, "these individual asset values are then regrouped into tranches **70**, **72**, and **74** for bid purposes" (Messmer, paragraph 0024).

With regard to Claims 8, Peters teaches *where an enterprise is a single product, a group of products, a division or a company* (mutual fund companies, banks) (see at least paragraph 0019).

With regard to Claims 9, 17, and 28, Peters teaches *where the segments of value are selected from the group consisting of current operation, derivatives, investments, real options, market sentiment and combinations thereof* (investment profile, portfolio holdings) (see at least the Abstract).

Examiner notes that the claimed contents of Claims 9, 17, 28 amount to non-functional descriptive material that do not functionally alter the claimed method. The recited steps would be performed in the same manner regardless of what data is contained in the segments of value. Thus, the prior art and the claimed invention have identical structure and the claimed descriptive material is insufficient to distinguish the claimed invention over the prior art. *see In re*

Gulack, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); In re Lowry, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994); MPEP 2106.

With regard to Claims 10, Peters teaches *where the current operation segment of value can be further subdivided by component of value where the components of value are revenue, expense or capital charge* (asset levels, expense ratio) (see at least paragraphs 0028-0030).

With regard to Claim 18, Peters teaches *wherein* ***one or more*** *risks* (risk profile **510**) *are selected from the group consisting of variability risks, contingent liabilities, market volatility risks, event risks and combinations thereof* (investment risk, stocks, fund, investment risk classification) (see at least paragraphs 0084-0091).

Examiner notes that the claimed contents of Claim 18 amount to non-functional descriptive material that do not functionally alter the claimed method. The recited steps would be performed in the same manner regardless of what data is contained in the group. Thus, the prior art and the claimed invention have identical structure and the claimed descriptive material is insufficient to distinguish the claimed invention over the prior art. *see In re Gulack, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); In re Lowry, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994); MPEP 2106.*

With regard to Claim 19, Peters teaches *wherein* ***one or more*** *external factors are selected from the group consisting of numerical indicators of conditions external to the organization* (Latin American investments), *numerical indications of prices external to the organization, numerical indications of organization conditions compared to external expectations of organization condition* (total fund share value **1116**), *numerical indications of the organization performance compared to external expectations of organization performance* (portfolio holdings summary) *and combinations thereof* (see at least paragraphs 0081-0090).

With regard to Claim 26, Peters teaches *implementing the one or more changes in an automated fashion* (automated investment advisory system, recommends portfolio changes) (see at least paragraph 0020).

With regard to Claim 27, Peters teaches *where implementation includes activities that are selected from the group consisting of narrow system* (relational database **118**) *changes, changes in operation* (market capitalization) *and combinations thereof* (see at least paragraphs 0057-0062).

Examiner notes that the claimed contents of Claim 27 amount to non-functional descriptive material that do not functionally alter the claimed method. The recited steps would be performed in the same manner regardless of what data is contained in the group. Thus, the prior art and the claimed invention have

identical structure and the claimed descriptive material is insufficient to distinguish the claimed invention over the prior art. *see In re Gulack, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); In re Lowry, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994); MPEP 2106.*

(10) Response to Argument

Applicant's arguments filed 4 November 2008, 23 April 2009, and 20 October 2009 have been fully considered but they are not persuasive. As stated in the previous two Office actions, Applicant's arguments fail to comply with 37 CFR 1.111(b) because they amount to a general allegation that the claims define a patentable invention without specifically pointing out how the language of the claims patentably distinguishes them from the references. Nowhere on pages 9 and 9-14 of both Remarks in those two previous office actions and pages 10-69 of this *Brief on Appeal* does the Applicant state that Peters et al. (Peters) (U.S. Pub. No. 2003/0208427) in view of Messmer et al. (Messmer) (U.S. Pub. No. 2001/0039525) do not teach or suggest any specific limitations within any specific claims within the instant application. Applicant's numerous references to well known patent case law examples are not enough to provide adequate responses to the Examiner's thorough search of the prior art and claim rejections.

Applicant also submits that both Peters and Messmer teach away from the every aspect of the claimed invention of the instant application, but do not specifically recite why these cited prior art references teach away from the claimed invention. Additionally, the Applicant states that the Examiner has made a very large number of errors in the facts and law regarding the cited combination of teachings from the cited prior art references as failing to establish a prima facie case of obviousness for every rejected claim, but does not specifically state exactly what are the specific errors, erred law, and why there is no prima facie case of obviousness stated for every rejected claim. Further, Applicant states on at least page 69, first two paragraphs within *The Argument* that the USPTO has not fully complied with the requirements set forth in the APA, 35 U.S.C. 3, and 35 U.S.C. 131. The Applicant is reminded that USPTO examiners fully comply with the laws, rules, and regulations as set forth in the most recent version of the Manual of Patent Examiners Procedure (MPEP).

(11) Related Proceeding(s) Appendix

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner's answer.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

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